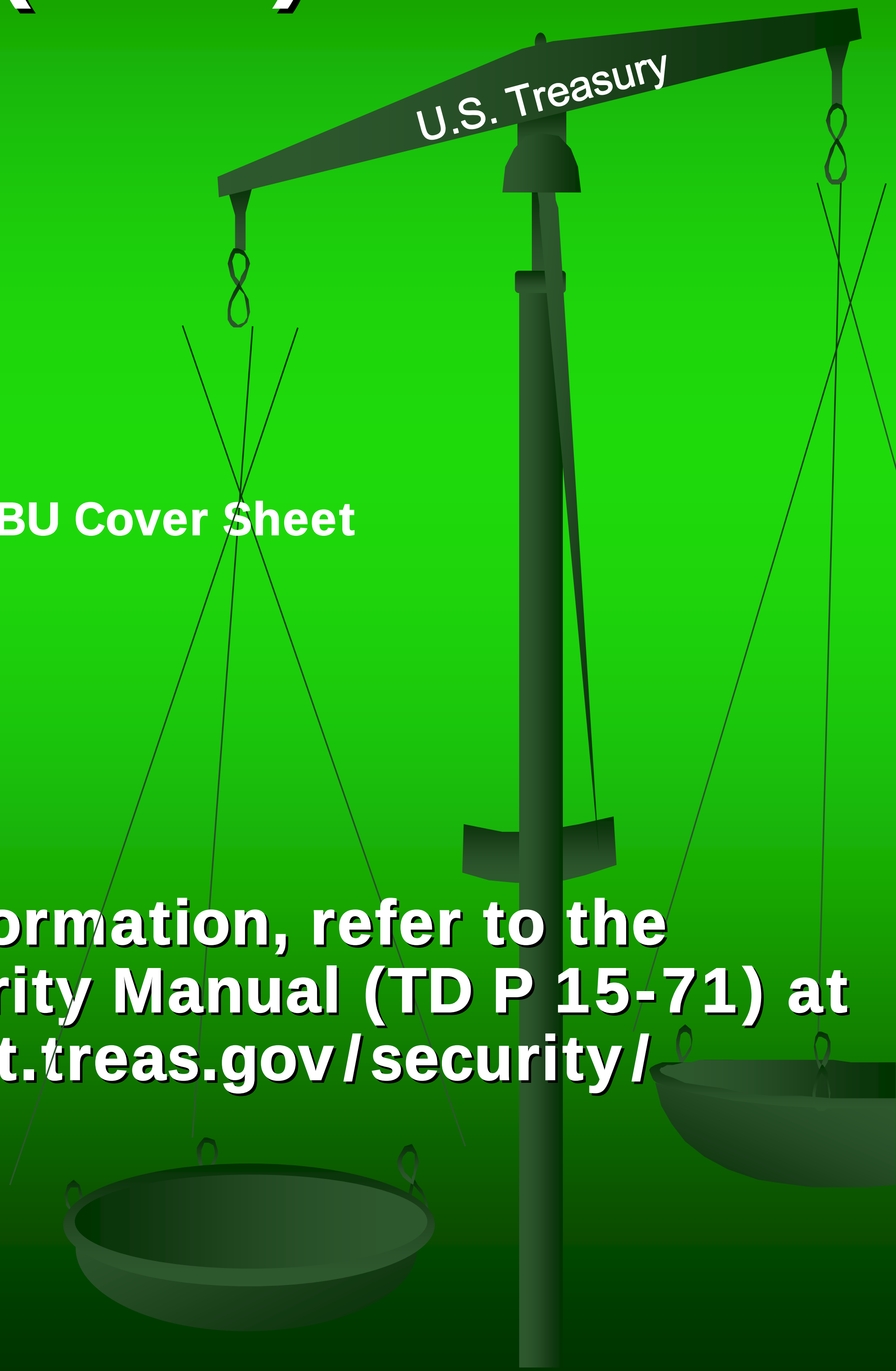
SENSITIVE BUT UNCLASSIFIED (SBU)



SBU Cover Sheet

For further information, refer to the Treasury Security Manual (TD P 15-71) at http://intranet.treas.gov/security/

TD F 15-05.11 (3/07)

Audit Report

OIG-26-038

CORONAVIRUS DISEASE 2019 PANDEMIC RELIEF PROGRAMS

Audit of Airline Worker Support Extension Certification – VT Mobile Aerospace Engineering, Inc.

August 24, 2026

Office of Inspector General
Department of the Treasury

This Page Intentionally Left Blank

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

OFFICE OF
INSPECTOR GENERAL

August 24, 2026

MEMORANDUM FOR JEFFREY STOUT
ACTING CHIEF PROGRAM OFFICER

FROM: Pauletta Battle /s/
Assistant Inspector General for Audit

SUBJECT: Audit of Airline Worker Support Extension Certification — VT Mobile Aerospace Engineering Inc.

Attached is our audit report for the *Audit of Airline Worker Support Extension Certification – VT Mobile Aerospace Engineering Inc.* (VT MAE) (OIG-26-038; August 24, 2026). Under a contract monitored by our office, Saggar & Rosenberg, P.C. (S&R), a certified independent public accounting firm, performed the audit. The objective of this audit was to assess the accuracy, completeness, and sufficiency of VT MAE's sworn financial statement or other data used to certify the wages, salaries, benefits, and other compensation amounts submitted and approved by the Department of the Treasury (Treasury) for the Payroll Support Program Extension (PSP2). This audit was mandated by Title IV, Subtitle A, *Airline Worker Support Extension,* of the Consolidated Appropriations Act, 2021.[1]

According to the Consolidated Appropriations Act, 2021, Treasury is required to provide financial assistance to contractors, who received financial assistance under Payroll Support Program (PSP1),[2] an amount equal to the amount such contractor was approved to receive (without taking into account any pro-rata reduction).[3] VT MAE received PSP1 financial assistance; as such, S&R reviewed the company's PSP1 information to determine whether the PSP2 requested amount is correct.

The scope of the audit covers PSP1 compensation paid between April 1, 2019, through September 30, 2019; and the certified PSP2 Application, sworn financial

---

1 P.L. 116–260 (December 27, 2020)

2 P.L. 116-136, the Coronavirus Aid, Relief, and Economic Security Act, enacted on March 27, 2020, created the *Air Carrier Worker Support*. The program provided payroll support to passenger air carriers, cargo air carriers, and certain contractors for the continuation of payment of employee wages, salaries, and benefits in response to the economic impact of Coronavirus Disease 2019. Treasury referred to this as PSP1.

3 The recipient's requested amount is the Treasury's approved amount, prior to any pro-rata reduction.

statement, tax returns, and other documentation submitted to Treasury on January 13, 2021.

In its audit report, S&R found that VT MAE, a contractor, did not retain all records used to support its PSP1 requested amount and was unable to explain the methodology used in its calculation. As a result, S&R was unable to determine if correct information was reported in the Determining Awardable Amount section of the PSP2 Application.

Subsequently, VT MAE provided supporting documentation for $[redacted] in eligible PSP1 compensation paid to employees from April 1, 2019, through September 30, 2019. The supported amount was $4,340,747 less than the $[redacted] requested amount. In addition, the company provided support for its leased employees totaling $[redacted]. Overall, this increased the eligible compensation to $31,585,652; however, the company was unable to demonstrate that leased employee compensation was requested or considered when calculating its PSP1 requested amount. After receiving the preliminary audit results, Treasury management stated they would permit VT MAE's leased employee compensation. As a result, S&R is not making a recommendation.

Our contract required that the audit be performed in accordance with generally accepted government auditing standards. In connection with the contract, we reviewed S&R's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit performed in accordance with generally accepted government auditing standards, was not intended to enable us to express an opinion on VT MAE's compliance with Treasury's PSP1 and PSP2 policies and procedures. S&R is responsible for the attached auditor's report and the conclusions expressed therein. Our review found no instances in which S&R did not comply, in all material respects, with generally accepted government auditing standards.

We appreciate the courtesies and cooperation provided to S&R and our staff during the audit. If you have any questions or require further information, please contact me at (202) 927-5400, or a member of your staff may contact Julie Wong, Acting Deputy Assistant Inspector General for Audit, at (202) 439-6354.

Attachment

cc: Thao P. Tran, Acting Chief Operating Officer, Department of the Treasury
Wenxia Diao, Director of Compliance, Chief Operating Officer, Department of the Treasury
Jason Morrow, Senior Counsel, Department of the Treasury
Jeff Davis, Partner, Saggar & Rosenberg, P.C.

Contents

Abbreviations

CAA	Consolidated Appropriations Act
DOT	Department of Transportation
DUNS	Data Universal Numbering System
IRS	Internal Revenue Service
OIG	Treasury Office of Inspector General
PSP1	Payroll Support Program, Coronavirus Aid, Relief, and Economic Security Act
PSP1 Guidelines	Guidelines and Application Procedures for Payroll Support to Air Carriers and Contractors under Division A, Title IV, Subtitle B of the Coronavirus Aid, Relief, and Economic Security Act
PSP2	Payroll Support Program Extension, Consolidated Appropriations Act, 2021
PSP2 Guidelines	Guidelines and Application Procedures for Payroll Support to Passenger Air Carriers and Contractors
PSP3	Payroll Support Program 3, American Rescue Plan of 2021
S&R	Saggar & Rosenberg, P.C.
SOC 1	System and Organizational Controls
Treasury	Department of the Treasury
VT MAE	VT Mobile Aerospace Engineering, Inc.

This Page Intentionally Left Blank

SAGGAR & ROSENBERG, P.C.
Assurance • Tax • Consulting

August 24, 2026

Jeffrey Stout
Acting Chief Program Officer
Department of the Treasury

This report presents the results of our audit of VT Mobile Aerospace Engineering Inc.'s (VT MAE) certifications made to the Department of the Treasury (Treasury) as part of its participation in the Payroll Support Program Extension (PSP2). This audit was mandated by Title IV, Subtitle A, *Airline Worker Support Extension,* of the Consolidated Appropriations Act, 2021 (CAA). Under the CAA, Treasury was to provide $16 billion in financial assistance to passenger air carriers and certain contractors to be exclusively used for the continuation of payment of employee wages, salaries, and benefits, in response to the economic impact of the Coronavirus Disease 2019.[4] Furthermore, the Treasury Office of Inspector General (OIG) is required to audit certifications made by passenger air carriers that do not report salaries and benefits to the Department of Transportation (DOT) (hereinafter referred to as non-241 air carriers)[5] and contractors.

Our audit objective was to assess the accuracy, completeness, and sufficiency of VT MAE's sworn financial statement or other data used to certify the wages, salaries, benefits, and other compensation amounts submitted and approved by Treasury for PSP2. According to the CAA, Treasury is required to provide financial assistance to contractors, who received financial assistance under Payroll Support Program (PSP1), an amount equal to the amount such contractor was approved to receive (without taking into account any pro-rata reduction). VT MAE received PSP1 financial assistance; as such, we reviewed the company's PSP1 information to determine whether the PSP2 requested amount is correct. The scope of the audit covers PSP1 compensation paid between April 1, 2019 through September 30, 2019; and the certified PSP2 Application, sworn financial statement, tax returns,

[4] The financial assistance provided under the CAA was split between passenger air carriers ($15 billion) and contractors ($1 billion).

[5] Passenger air carriers that are not required to report salaries and wages to DOT under 14 CFR Part 241, "Uniform System of Accounts and Reports for Large Certificated Air Carriers."

and other documentation submitted to Treasury on January 13, 2021.

To accomplish the objective, we reviewed applicable federal laws and regulations; and Treasury's policies, procedures and guidance, including but not limited to, Title IV, Subtitle A, *Airline Worker Support Extension* of the CAA; *Guidelines and Application Procedures for Payroll Support to Passenger Air Carriers and Contractors* (PSP2 Guidelines); PSP2 Agreement; *Guidelines and Application Procedures for Payroll Support to Air Carriers and Contractors under Division A, Title IV, Subtitle B of the Coronavirus Aid, Relief, and Economic Security Act* (PSP1 Guidelines); and *Question and Answer: Payroll Support Program Extension for Passenger Air Carriers and Contractors.* We interviewed key personnel from VT MAE and Treasury. We conducted our fieldwork from February 2025 through February 2026. Appendix 1 contains a more detailed description of our objective, scope, and methodology.

Results in Brief

We found that VT MAE, a contractor, reported correct information for five of six sections reviewed on its PSP2 Application.[6] These sections are: (1) Recipient Information, (2) Eligibility Questions, (3) Company Information, (4) Affiliates, and (5) Certification. We found that VT MAE did not retain all records used to support its PSP1 requested amount and was unable to explain the methodology used in its calculation. As a result, we were unable to determine if VT MAE reported correct information in the Determining Awardable Amount section of its PSP2 Application. Subsequently, VT MAE provided documentation to support $[redacted] in eligible PSP1 compensation paid to its employees from April 1, 2019, through September 30, 2019. The supported amount was $4,340,747 less than the $[redacted] requested amount. In addition, the company provided support for leased employees totaling $[redacted]. This increased the eligible

[6] The PSP2 Application is comprised of ten sections. We did not review four sections because the Financial Information, Bankruptcy Information, and Employment Levels sections had no impact on Treasury's determination of recipients' award amounts; and the Validation of PSP1 Award Amount section was not reviewed because we are verifying VT MAE's PSP1 requested amount as part of this audit.

compensation to $31,585,652; however, VT MAE was unable to demonstrate that leased employee compensation was requested or considered when preparing its PSP1 Application. After receiving the preliminary audit results, Treasury management stated they would permit VT MAE's leased employee compensation. As a result, we are not making a recommendation.

As part of our reporting process, we provided VT MAE management with an opportunity to comment on a draft of this report. In a written response, VT MAE management acknowledged that no recommendation was warranted and accepted the report as final. VT MAE management's response, in its entirety, is included as appendix 2 of this report.

In a written response, Treasury management noted that VT MAE understated its awardable amount; therefore, no amounts are owed back to Treasury. Additionally, Treasury management appreciates the work on this engagement and looks forward to working with the OIG to protect the integrity of the PSP and other recovery programs. Treasury management's response, in its entirety, is included as appendix 3 of this report.

Background

Title IV, Subtitle A, of the CAA, *Airline Worker Support Extension*, requires the Treasury to provide financial assistance to air carriers and contractors that must exclusively be used for the continuation of payments of employees' wages, salaries, and benefits. Financial assistance is to be provided to:

(1) passenger air carriers, in an aggregate amount up to $15 billion; and
(2) contractors, in an aggregate amount up to $1 billion.

According to the CAA, Treasury is required to provide financial assistance to contractors, in an amount equal to: (1) the amount such contractor was approved to receive (without taking into account any pro-rata reduction) under PSP1; or (2) in the event such contractor did not receive financial assistance under PSP1, an amount that the contractor certifies, using sworn financial statements or other appropriate data, as the amount of wages, salaries, benefits, and other compensation that such contractor paid the employees of such contractor during the period from October 1, 2019, through March 31, 2020. The amounts submitted on the application to Treasury were considered sworn financial statements. To be eligible for payments, contractors must enter into agreements with Treasury certifying that they meet certain required assurances, terms, and conditions.

On December 29, 2020, Treasury posted on its website PSP2 Guidelines. Afterwards, Treasury posted a web-based PSP2 Application for applicants to complete and submit. The PSP2 Application was comprised of ten sections:

1. Recipient Information — (1) indication of whether the applicant is an eligible passenger air carrier or an eligible contractor; (2) Form-41 filer indication;[7] (3) applicant's name; (4) applicant's taxpayer identification number; and (5) PSP1 Applicant indication, if applicable, by listing the PSP1 Application number, whether PSP1 Application was approved, and financial assistance received.

2. Eligibility Questions — selection of whether the applicant is a direct passenger air carrier, an indirect passenger air carrier, a direct contractor, or a subcontractor.[8]

3. Company Information — (1) applicant's Data Universal Numbering System (DUNS) number;[9] (2) indication of whether the applicant is registered with the System for Award Management;[10] (3) applicant's entity type; (4) applicant's address; and (5) contact person name, title, phone number, and email address.

---

7 A Form-41 filer is a large certificated air carrier, who is required to report financial information to DOT.

8 Direct air carrier means a certificated commuter, foreign air carrier, an air taxi operator, or a Canadian charter air taxi operator; that directly engages in the operation of aircraft under a certificate, authorization, permit or exemption issued by DOT. Indirect air carriers are organizers and service providers who use services of a direct air carrier but do not operate or own the aircraft. A direct contractor is hired directly by the client to complete a project, whereas a subcontractor is hired by the contractor to complete tasks within the contract.

9 A DUNS number is a unique nine-digit identifier associated with a company's credit profile.

10 Entities registered on the System for Award Management, which is administered by the General Services Administration, are allowed to bid on government contracts and apply for federal assistance.

4. Financial Information — (1) the applicant's account type, number, and routing number; and (2) the financial institution's name, address, and telephone number.

5. Bankruptcy Information – applicant's indication as to whether they have taken or is contemplating taking action to commence bankruptcy, to include explanation, debtor name, bankruptcy court, case number, type of bankruptcy filing, and date of bankruptcy filing.

6. Employee Levels – (1) applicant's average number of employees for 2019 and 2020; (2) employee count as of the date of the PSP2 Application; (3) if applicant did not apply for PSP1, number of involuntary reductions after March 27, 2020; and (4) if applicant applied for PSP1, number of involuntary reductions after October 1, 2020.

7. Determining Awardable Amount — amount requested under PSP1 (without taking into account any pro rata reduction), or applicant's sworn financial statement consisting of salaries, wages, benefits, and other compensation for October 1, 2019, to March 31, 2020.

8. Validation of PSP1 Award Amount — applicant's recertification to whether unallowable expenses were included in its PSP1 Application, to include corporate officer compensation, independent contractors, employer-side payroll taxes, and amounts other than wages, salaries, benefits, and other compensation.

9. Affiliates – (1) affiliate name; (2) affiliate applicant type; (3) affiliate taxpayer ID; and (4) affiliate DUNS number.

10. Certification — names, titles, and signatures of two certifying officials[11] and application submission date.

Treasury Disbursement Processes

The total PSP2 requested amount (also referred to as awardable amount) by all contractor applicants exceeded the $1 billion

[11] The certifying officials attested under penalty of perjury that the information and certifications provided in the application and its attachments are true and correct.

available financial assistance. As a result, Treasury applied a pro-rata rate of 30.4 percent to the requested amount. Generally, Treasury disbursed two payments—each half of the awarded amount.

VT Mobile Aerospace Engineering Inc.

Headquartered in Mobile, Alabama, VT MAE is contractor that provides aircraft maintenance, repair, and overhaul services for major commercial airlines.

VT MAE submitted its PSP2 Application on January 13, 2021. The requested amount is $[redacted], which is the amount VT MAE was approved to receive under PSP1. The company received $8,118,358, or 30.4 percent of the requested amount. Treasury's disbursements to VT MAE were as follows:

- April 8, 2021: $4,059,179
- May 17, 2021: $4,059,179

In addition to PSP2, Treasury awarded VT MAE $8,118,358 under Payroll Support Program 3 (PSP3) authorized by the American Rescue Plan Act of 2021.[12] PSP3 was not the subject of this audit.

Audit Results

We found that VT MAE reported correct information for five of six sections reviewed on its PSP2 Application. These sections are: (1) Recipient Information, (2) Eligibility Questions, (3) Company Information, (4) Affiliates, and (5) Certification. We compared information provided in each section of the PSP2 Application to supporting documentation including general ledger data, company sworn financial statement, Internal Revenue Service Form 941,[13]

[12] P.L. 117-2, the American Rescue Plan of 2021, enacted on March 11, 2021, created the *Air Transportation Payroll Support Program Extension* authorizing Treasury to provide additional assistance to passenger air carriers and contractors that received financial assistance under PSP2. Treasury referred to this as PSP3.

[13] Internal Revenue Service Form 941 is a tax form that businesses file quarterly to report income taxes, Social Security taxes, and Medicare taxes they withheld from employees' paychecks.

executive-level business charts, payroll registers, and third-party benefit claim and invoice data, among other items.

In the Determining Awardable Amount section,[14] we found that VT MAE did not retain all records used to support its PSP1 requested amount and was unable to explain the methodology used in its calculations. As a result, we were unable to determine if VT MAE reported correct information in the Determining Awardable Amount section of the PSP2 Application. Subsequently, VT MAE submitted documentation supporting $31,585,652 in eligible compensation, which includes $[redacted] for leased employees. Nevertheless, VT MAE was unable to demonstrate that leased employee compensation was requested or considered during the application process. After receiving the preliminary audit results, Treasury management stated they would permit VT MAE's leased employee compensation. As a result, we are not making a recommendation.

Finding — VT MAE Did Not Maintain All Application Documentation

The PSP2 Agreement between VT MAE and Treasury states:

> until the quarter beginning after October 1, 2022, or when no Taxpayer Protection Instrument is outstanding, the Signatory Entity must certify compliance with this agreement within 45 days after each of the first three quarters and within 90 days after the end of each year. Recipients and affiliates must retain all records related to Payroll Support and compliance with this agreement for three years, including electronic records with automatic deletion functions like emails. These records should substantiate factual representations in the application for Payroll Support and show compliance with this agreement. If any litigation, claim, investigation, or audit concerning Payroll Support begins before the three-year period ends, the recipient and affiliates must keep all records until these issues are fully resolved and a final decision is made; and
>
> the term "records" includes all relevant financial and accounting records and all supporting documentation for the information reported on the recipient's quarterly reports.

[14] VT MAE's PSP2 requested amount is equal to its PSP1 amount. Additionally, because its PSP1 amount was not audited, we had to confirm employee compensation from April 1, 2019, through September 30, 2019.

Treasury's PSP1 Guidelines defines:

> wages, salaries, benefits, and other compensation as remuneration paid by the applicant to its employees for personal services and includes salaries, wages, overtime pay, cost-of-living differentials, and other similar compensation, as distinguished from per diem allowances or reimbursement for expenses incurred by personnel for the benefit of the applicant.

Treasury's PSP2 Guidelines defines:

> employees as individuals who are employed by an air carrier or a contractor and whose principal place of employment is in the United States (including its territories and possessions), including salaried, hourly, full-time, part-time, temporary, and leased employees, but excluding any individual who is a corporate officer or independent contractor;
>
> corporate officer as with respect to a passenger air carrier, a president; any vice president in charge of a principal business unit, division, or function (such as sales, administration or finance); any other officer who performs a policy-making function; or any other person who performs similar policy-making functions for the passenger air carrier or contractor. Executive officers of subsidiaries or parents of a passenger air carrier or contractor may be deemed corporate officers of the passenger air carrier or contractor if they perform such policy-making functions for the passenger air carrier or contractor;
>
> benefits as without duplication of any amounts counted as salary or wages, pension expenses in respect of employees, all expenses for accident, sickness, hospital, and death benefits to employees, and the cost of insurance to provide such benefits; any severance pay or other benefits payable to employees pursuant to a bona fide voluntary early retirement program or voluntary furlough; and any other similar expenses paid by a passenger air carrier or contractor for the benefit of employees, including any other fringe benefit expense described in lines 10 and 11 of Financial Reporting Schedule P-6,[15] Form-41, as

[15] The Schedule P-6 is one of the financial reports 241 air carriers must submit to DOT. The schedule contains data for a company's quarterly operating expenses and is separated into categories such as salaries and fringe benefits.

> published by the Department of Transportation, but excluding any federal, state, or local payroll taxes paid by a passenger air carrier or contractor; and
>
> wages as without duplication of any amounts counted as benefits, a payment, typically paid on an hourly, daily, or piecework basis, including cost-of-living differentials, vacation, paid time off, sick leave, and overtime pay, paid by a passenger air carrier or contractor to its employees, but excluding any federal, state, or local payroll taxes paid by the passenger air carrier or contractor.

Treasury's *Preparing for the PSP2 Application for Passenger Air Carriers and Contractors* states:

> applicants that participated in PSP1 may be required to demonstrate that the requested amount for PSP1 only included amounts for wages, salaries, benefits, and other compensation that the applicant paid its employees. This may include demonstrating that such amounts did not include (1) payments to corporate officers or independent contractors or (2) employer-side payroll tax contributions.

VT MAE did not retain all records used to support the PSP1 requested amount of $[redacted]; therefore, we cannot determine if the Determining Awardable Amount section in the PSP2 Application was correct. VT MAE management responded to audit requests stating that the company was unsure what sources and amounts were used to populate the compensation reported in the PSP1 Application. In addition, VT MAE management stated they could not confirm if its PSP1 requested amount included unallowable items such as corporate officer compensation or employer-side payroll taxes. As a result, VT MAE may have included unsupported amounts in its PSP1, PSP2, and PSP3 applications.

We requested the company to provide any documentation that supports compensation paid to its employees from April 1, 2019, through September 30, 2019. We determined the eligible supported compensation amount was $[redacted], which is $4,340,747 less than the requested amount, as illustrated in Table 1 below.

Table 1. PSP1 Application Comparison

Description	Requested Amount	Supported Amount	Difference
Salaries and Wages	$[redacted]	$[redacted]	$[redacted]
Benefits	$[redacted]	$[redacted]	$[redacted]
Other Compensation	$0	$0	$0
Total	$[redacted]	$[redacted]	**$(4,340,747)**

Source: S&R Calculation of Awardable Amount

VT MAE management was unable to explain the differences related to Salaries and Wages and Benefits. They stated that there has been considerable turnover over the course of the last few years, but their understanding is that VT MAE personnel at the time worked to complete the application as quickly as possible, and with the supporting documentation they had at hand.

During the preliminary finding discussion, VT MAE management stated that the company paid $[redacted] for leased employees between April 1, 2019, and September 30, 2019. Furthermore, the company's management stated that leased employee compensation could have been included in its PSP1 Application and would offset the $[redacted] variance under Benefits. According to PSP2 Guidelines, leased employees are considered eligible employees.

VT MAE provided leased employee labor agreements, vendor invoices, and payment documentation to support its leased employee compensation claim. Our review of the information did not (1) show that leased employee compensation was included in the requested amount; or (2) provide an explanation on how leased employee costs would be categorized. We reviewed the leased employee data provided and calculated VT MAE paid $[redacted] in leased employee compensation during the applicable scope period. VT MAE was eligible to request up to $31,585,652 under PSP1, which includes the total supported amount and the leased employee compensation. After receiving the preliminary audit results, Treasury management stated they would permit VT MAE's leased employee compensation. Therefore, we are not making a recommendation.

* * * * * *

We appreciate the courtesies and cooperation provided to our staff during the audit. A distribution list for this report is provided as appendix 4.

Saggar & Rosenberg, P.C. /s/

Appendix 1: Objective, Scope, and Methodology

Our objective was to assess the accuracy, completeness, and sufficiency of VT Mobile Aerospace Engineering Inc.'s (VT MAE) sworn financial statement or other data used to certify the wages, salaries, benefits, and other compensation amounts submitted and approved by the Department of the Treasury (Treasury) for the Payroll Support Program Extension (PSP2).

As a contractor, VT MAE received Payroll Support Program (PSP1) assistance; as such, we reviewed the company's PSP1 information to determine whether the PSP2 requested amount is correct. The scope of our audit covered PSP1 compensation paid between April 1, 2019, through September 30, 2019; and included the certified PSP2 Application, sworn financial statement, tax returns, and other documentation submitted to Treasury on January 13, 2021.

To accomplish this objective, Saggar & Rosenberg, P.C. performed the following activities during audit fieldwork from February 2025 through February 2026:

- Reviewed applicable Federal laws and regulations, including:
    - *Title IV, Subtitle A, Airline Worker Support Extension*, of the Consolidated Appropriations Act, 2021;
    - *Title IV, Subtitle B, Air Carrier Worker Support*, of the Coronavirus Aid, Relief, and Economic Security Act; and
    - 14 CFR Part 241, *Uniform System of Accounts and Reports for Large Certificated Air Carriers*, amended April 2, 2025.
- Reviewed Treasury's policies, procedures, and guidance related to PSP1 and PSP2:
    - *Guidelines and Application Procedures for Payroll Support to Passenger Air Carriers and Contractors,* December 29, 2020;
    - PSP2 Agreement;
    - *Question and Answer: Payroll Support Program Extension for Passenger Air Carriers and Contractors,* (January 19, 2021, and March 10, 2021, versions);

  - *Preparing for the PSP2 Application for Passenger Air Carriers and Contractors*, December 29, 2020; and
  - *Guidelines and Application Procedures for Payroll Support to Air Carriers and Contractors under Division A, Title IV, Subtitle B of the Coronavirus Aid, Relief, and Economic Security Act,* March 30, 2020.

- Performed 100 percent testing for six of the ten sections of the PSP2 Application—specifically, the Company Information, Recipient Information, Eligibility Questions, Affiliates, Determining Awardable Amount, and Certification sections. The other four sections were not reviewed because the Financial Information, Bankruptcy Information, and Employee Levels, had no impact on Treasury's determination of VT MAE's PSP2 award amounts. The Validation of PSP1 Award Amount section was not reviewed because we are verifying VT MAE's PSP1 requested amount as part of this audit.
- Interviewed key Treasury personnel.
- Requested interviews with VT MAE's management responsible for the completion and submission of the sworn financial statement in the Determine Awardable Amount section of the PSP2 Application; however, those individuals were no longer with the company. As a substitute, we interviewed VT MAE management responsible for supporting the PSP2 audit.
- Reviewed sworn financial statement and documents to support the requested payroll support amount. The documentation included but was not limited to: (1) general ledger data, (2) company pay registers, (3) benefit claim information, (4) Internal Revenue Service Form 941 – *Employer's Quarterly Federal Tax Return,* (5) organizational hierarchy, and (6) VT MAE's PSP1 Application.
- Reviewed Government Accountability Office's *Standards for Internal Control in the Federal Government* to identify the components of internal control that are significant to the audit objective. Understanding internal control within the context of an entity's internal control framework can help auditors determine whether internal control deficiencies exist. We concluded that one of the five internal control components, Control Activities, as related to VT MAE's payroll system, was

significant to the audit objective.[16] This component states that control activities are the actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal control system, which includes the entity's information system. To assess the controls over VT MAE's payroll system, we examined VT MAE's response to Data Supplier Questionnaires,[17] reviewed a System and Organizational Controls 1 (SOC 1) report,[18] and interviewed VT MAE's management responsible for generating and using the data. Additional details regarding our assessment of the reliability of the data are reported in the section below.

- Reviewed Government Accountability Office's *Assessing Data Reliability* guidance, which states that a data reliability determination does not involve attesting to the overall reliability of the data or database. For this audit, the audit team has only determined the reliability of the specific data needed to support the findings, conclusions, or recommendations in the context of the audit objective. VT MAE prepared the PSP2 Application using amounts requested under PSP1; however, VT MAE management could not describe how, or what sources, were used to prepare the PSP1 Application. Despite this, we compared details generated from payroll registers at the individual employee level, as well as third-party benefit invoices and payment data from April 1, 2019, through September 30, 2019, to the amounts presented in the Awardable Amounts section of the PSP1, and inherently the PSP2 Application.

  To assess data reliability of these sources, we (1) reviewed the Data Supplier Questionnaires for the payroll and financial accounting systems, (2) reviewed the SOC 1 report for the payroll system, and (3) interviewed VT MAE's management responsible for generating and using the data. Based on our assessment, we determined that the data was sufficiently

[16] The five components of internal control are Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring.

[17] A Data Reliability Assessment is completed to assess the reliability of data originating from a system to determine if it is reliable for the purposes of the audit of a third-party vendor's accounting and financial controls. The Data Supplier Questionnaire would be one of the tools used during the Data Reliability Assessment.

[18] SOC 1 report addresses a company's internal control over financial reporting, which pertains to the application of checks-and-limits. Essentially, it is the audit of a third-party vendor's accounting and financial controls.

reliable to support the findings and conclusions to answer the objective of this audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix 2: VT Mobile Aerospace Engineering, Inc. Management Response

ST Engineering

July 22, 2026

Saggar & Rosenberg, P.C.
One Church Street, Suite 700
Rockville, MD 20850
Attention: [redacted]

Re: VT Mobile Aerospace Engineering, Inc. PSP Audit – Management Response

Dear [redacted]

This letter constitutes our management response to the formal draft Audit Report transmitted to us on July 13, 2026 (the "Report"), prepared in connection with Saggar & Rosenberg's audit of VT Mobile Aerospace Engineering, Inc.'s ("VT MAE") Payroll Support Program ("PSP") application. We appreciate the Report's determination that VT MAE provided all necessary documentation to support its PSP application and its conclusion that no recommendation is warranted. With that understanding, we accept the Report and regard it as final.

We thank you and the Department of the Treasury for the cooperation and consideration extended to our team during the course of this engagement.

Sincerely,

[redacted]

ONG Beng Choo
VP, Head of Finance
STE Pensacola Aerospace, Inc. *(formerly VT Mobile Aerospace Engineering, Inc.)*

Appendix 3: Treasury Management Response

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

August 11, 2026

Pauletta Battle
Assistant Inspector General for Audit
U.S. Department of the Treasury – Office of Inspector General
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Ms. Battle:

I write regarding the Office of Inspector General's (OIG) draft *Audit of Air Carrier Worker Support Certifications* (Draft Report), regarding VT Mobile Aerospace Engineering, Inc. (the Recipient), a recipient of funds under Treasury's Payroll Support Program (PSP). The U.S. Department of the Treasury (Treasury) appreciates OIG's efforts.

Background on the Payroll Support Program

PSP was part of an effort to provide emergency assistance in response to the unprecedented challenges presented by the COVID-19 public health emergency and had three iterations:

- The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted on March 27, 2020, and established the Payroll Support Program (PSP1) to provide financial assistance to America's passenger air carriers, cargo air carriers, and certain aviation contractors. Treasury disbursed more than $28 billion to over 600 businesses in PSP1, directly supporting more than 600,000 American jobs.
- In December 2020, the Consolidated Appropriations Act, 2021, created the Payroll Support Program Extension (PSP2) for eligible passenger air carriers and certain aviation contractors. Treasury disbursed over $15 billion to over 480 passenger air carriers and contractors under PSP2.
- In March 2021, the American Rescue Plan Act of 2021 provided an additional $15 billion for Treasury to make further payroll support payments to entities that participated in PSP2 (PSP3). Treasury disbursed over $14.5 billion to over 480 passenger air carriers and contractors under PSP3.

The CARES Act set forth two different methodologies for calculating awardable amounts for the largest carriers and for smaller air carriers and aviation contractors. For the largest air carriers, which received approximately 89% of the total PSP assistance, PSP1 amounts were based on reports the carriers had filed with the U.S. Department of Transportation under 14 C.F.R. part 241. In contrast, the statute required Treasury to provide financial assistance to smaller air carriers and aviation contractors in an amount that the applicants certified, using sworn financial statements or other appropriate data, as the amount of wages, salaries, and benefits that they paid to their employees during the time period from April 1, 2019, through September 30, 2019.

For awards to the smaller companies, the PSP1 application and Treasury's guidelines made clear that the awardable amounts should not include, inter alia, (1) any employer-side payroll taxes, which are not paid to employees, and (2) compensation paid to corporate officers and non-employee contractors. Before accepting PSP2 applications, Treasury published additional guidance further emphasizing that such amounts should not be included in the companies' awardable amount calculations.[1] In both PSP1 and PSP2, Treasury required two officials of each applicant, including at least one corporate officer, to certify that the information provided in the application was correct and did not contain any materially false or fraudulent statements.

In April 2020, OIG began a series of audits of PSP1 recipients to determine whether they had properly calculated their requested awardable amounts. In March 2021, OIG issued an Interim Audit Update, notifying Treasury that a number of recipients being audited had impermissibly included, in their PSP1 applications, employer-side payroll taxes or corporate officer compensation in the calculation of the awardable amount, which may have resulted in an overstatement of the amount of PSP1 funds requested. In response, Treasury promptly took a series of remedial actions, including requiring that all PSP1 applicants receiving awards on the basis of self-certification re-certify whether their awardable amounts included employer-side payroll taxes or corporate officer compensation. Where a company informed Treasury that it had improperly included those amounts in its application, Treasury either withheld future PSP1 disbursements or began pursuing debt recoupment. Through this process, Treasury has successfully recouped more than $147 million of PSP overpayments.

OIG's Finding

The Draft Report describes the work performed by OIG to determine whether the Recipient's requested awardable amount for PSP2 complied with the guidelines provided by Treasury. The Draft Report notes the extensive fieldwork conducted for this review between February 2025 and February 2026 to determine the accuracy of the information in the Recipient's PSP2 application submitted to Treasury, including interviewing the Recipient's management and collecting and reviewing a wide range of the company's financial records and corporate documents. OIG found that the Recipient understated its awardable amount, and therefore no amounts are owed back to Treasury.

Again, Treasury appreciates OIG's work on these engagements. We look forward to working with you to protect the integrity of the PSP and other recovery programs.

Sincerely,

Jeffrey Stout
Deputy Chief Program Officer for Small Business
and Community Investment Programs

---

[1] Because awardable amounts in PSP3 were calculated as a percentage of each company's PSP2 award, companies were not required to calculate awardable amounts for PSP3.

Appendix 4: Report Distribution

Department of the Treasury

Deputy Secretary
Treasury Audit Liaison
Office of Strategy, Planning, and Performance Improvement
Office of the Deputy Chief Financial Officer, Risk and Control Group

VT Mobile Aerospace Engineering Inc.

Senior Counsel

Office of Management and Budget

OIG Budget Examiner

United States Senate

Committee on Homeland Security and Governmental Affairs
Committee on Finance
Committee on Banking, Housing, and Urban Affairs
Committee on Commerce, Science, and Transportation
Committee on Appropriations
Committee on the Budget

United States House of Representatives

Committee on Oversight and Government Reform
Committee on Financial Services
Committee on the Budget
Committee on Transportation and Infrastructure

This Page Intentionally Left Blank

REPORT WASTE, FRAUD, AND ABUSE

Submit a complaint regarding Treasury OIG Treasury Programs and Operations using our online form: https://oig.treasury.gov/report-fraud-waste-and-abuse

TREASURY OIG WEBSITE

Access Treasury OIG reports and other information online: https://oig.treasury.gov/